



**OFFICE OF AUDITOR OF
STATE**
STATE OF IOWA

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

Contact: Warren Jenkins
(515/281-4889)
or Tami Kusian
(515/281-5515)

FOR RELEASE October 22, 2002 10:00 AM

Auditor of State Richard Johnson today released a report on a special investigation of the Johnson County Mental Health/Developmental Disabilities Department for the fiscal year ended June 30, 2002. The investigation was requested by the County Attorney and County Auditor amid concerns that disbursements had been prepaid in an effort to reach a target balance in the Mental Health Fund by June 30, 2002.

Johnson reported on \$1,029,858.61 of disbursements from the Department, including \$458,954.56 of unallowable disbursements, \$313,846.20 of questionable disbursements, and \$257,057.85 for prepayment of expenses. Each of the disbursements were approved by the Director of the Johnson County Mental Health/Developmental Disabilities Department and the Board of Supervisors. Many of the disbursements were also discussed by the Johnson County Planning Council for Mental Health/Developmental Disabilities Services and the Council's Executive Committee.

The unallowable disbursements include payments to providers to purchase a van, supplies and equipment, and a \$40,000.00 software package for a provider's payroll system. The unallowable disbursements also include \$180,002.00 of "bonuses" paid to ten service providers and \$41,360.76 of computers and software purchased for the providers.

Johnson made recommendations to the Board of Supervisors to ensure that disbursements of public funds be made only when there is a direct benefit to the public. Johnson also recommended that the Board monitor excessive purchases at year end to ensure purchases are appropriate.

A copy of the report is available for review at the Johnson County Auditor's Office and the Office of Auditor of State. A copy is also available on the Auditor of State's web site at www.state.ia.us/government/auditor/reports.

###

**REPORT ON SPECIAL INVESTIGATION
OF THE
JOHNSON COUNTY
MENTAL HEALTH/DEVELOPMENTAL DISABILITIES DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Table of Contents

Auditor of State's Report	3-4
Investigative Summary:	
Background Information	5-8
Detailed Findings	8-20
Recommended Control Procedures	20-21

Exhibits

Exhibits:

Summary of Findings	A	23
Grants to Service Providers	B	24-29
Summary of Payments for the Quality Assurance Project	C	30-31
Selected Claims Submitted by Independent Contractors	D	32-35
Computer and Technical Service Purchases	E	36-37
Selected Purchases from Iowa Book and Supply	F	38-39
Summary of Payments to Selected Independent Contractors	G	41
Comparison of Cash Disbursements Between Fiscal Years 2001 and 2002	H	42-43

Staff	44
-------	----

Appendix

Appendices:

Copy of Messages To and From the Department of Human Services	1	46-47
Copy of Meeting Notes from Provider Meeting - May 23, 2002	2	49
Copy of Correspondence to Service Providers - Block Grants	3	50-51
Copy of Message to Board of Supervisors - Block Grants	4	52
Copy of Meeting Minutes from Executive Committee Meeting - April 9, 2002	5	53
Copy of Message and Invoice for Purchase at Target	6	54-55
Copy of File Retention Report	7	56-57



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

Auditor of State's Report

To the Johnson County Board of Supervisors:

As a result of concerns identified by and at the request of the Johnson County Attorney and County Auditor, we conducted a special investigation of the Mental Health/Developmental Disabilities Department (MH/DD Department). We have applied certain tests and procedures to selected financial transactions initiated by the staff of the Department for the fiscal year ended June 30, 2002. Based on discussions with County personnel and a review of relevant information, we performed the following procedures:

- (1) We reviewed and obtained an understanding of the County's policies and procedures regarding payment of invoices.
- (2) We obtained an understanding of the structure and functions of the Department.
- (3) We obtained and reviewed selected disbursements (including grants and block grants) authorized by the Director of the Department.
- (4) We reviewed copies of the County's Services Management Plan and Strategic Plan submitted by the Department to the Iowa Department of Human Services. We also contacted representatives of the Iowa Department of Human Services to obtain additional information about programs administered by the Department.
- (5) We reviewed actions taken by the Iowa General Assembly that affected funding of the Mental Health/Developmental Disabilities Departments of each county in Iowa.
- (6) We reviewed the meeting minutes of and actions taken by the Johnson County Mental Health Planning Council for Mental Health/Developmental Disabilities Services, the Council's Executive Committee and the Johnson County Board of Supervisors as a result of Legislative changes to the mental health funding provided to the counties.
- (7) We reviewed all disbursements made to independent contractors for work performed on a quality assurance project. We also obtained an understanding of the work that was to be performed by the independent contractors and we reviewed the dates the reports were submitted by the contractors.
- (8) For certain contractors working on the quality assurance project, we compared the claims the contractor submitted to Johnson County to the timesheet the contractor submitted to their regular employer to identify any time reported as worked simultaneously for two employers.
- (9) We reviewed all disbursements made to independent contractors for work performed on other special projects for the Mental Health/Developmental Disabilities Department. We also obtained an understanding of the work that was to be performed by the independent contractors and we reviewed the dates the reports were submitted by the contractors.
- (10) We held discussions with the Director of the Department and other County officials and employees about disbursements, operating policies, and decisions made during April, May and June of 2002.

These procedures identified \$458,954.56 of unallowable disbursements, \$313,846.20 of questionable disbursements and \$257,057.85 of disbursements for prepayment of expenses. Our detailed findings and recommendations are presented in the Investigative Summary and Exhibits A through H of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Johnson County Mental Health/Developmental Disabilities Department, other matters might have come to our attention that would have been reported to you.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of Johnson County during the course of our investigation.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 23, 2002

Background Information

Johnson County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The Johnson County Mental Health/Developmental Disabilities Department (MH/DD Department) offers assistance to people in Johnson County with mental illness, mental retardation, developmental disabilities and brain injuries. The Department is staffed by individuals that develop and help carry out individual service plans that encourage individual choice and support a quality of life that reflects self-sufficiency, respect, health, and well-being. The MH/DD Department also contracts with organizations to provide some of these services to consumers.

Funding:

In accordance with the *Code of Iowa*, the County Board of Supervisors annually adopts a budget on a cash basis following required public notice and hearing for all funds, (except internal service and agency funds) and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and expendable trust funds. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

The funding for the MH/DD Department is separately maintained as a Special Revenue Fund known as the Mental Health Fund. The primary funding sources for the Department are a property tax levy approved by the Board of Supervisors and funding received from the State of Iowa. To be eligible for State funding, a Services Management Plan must be approved by the Board of Supervisors and submitted to the Department of Human Services (DHS). The Plan describes the services and programs that the MH/DD Department will provide the citizens of the County.

The funding from the State includes several components. The largest portion consists of property tax relief that replaces county property tax dollars that were collected by the County prior to 1997. Johnson County received \$2,936,246.00 of property tax relief funds each of the years ended June 30, 2001 and 2002.

The State also provides funding to each county from the Mental Health and Developmental Disabilities Community Services Fund. This fund is administered by the Iowa Department of Human Services and includes federal Title XX Social Services Block Grant funds.

In addition, the State allows for a "Mental Health, Mental Retardation, Developmental Disabilities Allowed Growth Factor Adjustment and Allocation." This appropriation is split into the following four pools of funds to be allocated to each county:

- **Formula** – A portion of the appropriation is allocated to each county based on a formula established in Section 331.438 of the *Code of Iowa*.
- **Per Capita Expenditure Target Pool** – This portion of the appropriation is allocated to counties whose per capita expenditures in the most recent fiscal year is less than the statewide per capita expenditure target amount if the county levies the maximum amount allowed for the county’s Mental Health Fund. The distributions from this pool are based on each eligible county’s proportion of the general population of the counties eligible to receive moneys from the pool for the fiscal year.
- **Incentive and Efficiency Pool** – This pool makes incentive payments to those counties achieving desired results and efficiently providing needed services, as determined by the objective performance measures identified by a state-county management committee. The performance measures may include, but are not limited to, the rates of service provision among eligible populations, access to a range of services, movement toward less facility-based services and medical loss ratio. Moneys distributed from this pool to eligible counties are based upon a percentage score for the degree of a county’s attainment of the desired results and performance measures.
- **Risk Pool** – The funds in this pool are available to counties experiencing financial difficulties. A county must apply to the Risk Pool Board for assistance from the risk pool on or before April 1 to cover an unanticipated costs in excess of the county’s current fiscal year budget amount for the county’s Mental Health Fund. The Risk Pool Board is established by Section 426B.5(3) of the *Code of Iowa*.

The following table summarizes the funding the Johnson County MH/DD Department received from the State for the fiscal years ended June 30, 2001 and 2002. The amount allocated to Johnson County for Allowable Growth decreased between the two years because the County exceeded the Mental Health Fund balance to expenditure ratio established by the Legislature for the fiscal year ended June 30, 2001 in order to be eligible for full funding in fiscal year 2002.

Type of Funding	Fiscal Year 2001	Fiscal Year 2002
Property Tax Relief	\$ 2,936,246.00	\$ 2,936,246.00
Allowed Growth and Incentive Funds	507,569.00	126,152.00
MH Community Services	801,081.00	1,135,919.00
Social Services Block Grant	436,917.25	415,433.00
Total	\$ 4,681,813.25	\$ 4,613,750.00

Administrative Structure:

Elaine Sweet is the Director of the MH/DD Department in Johnson County. She was appointed by the Johnson County Board of Supervisors after serving in several positions in the mental health field for other entities. The Director of a county MH/DD Department is also known as a Central Point Coordinator (CPC.) As the Director of the MH/DD Department, Ms. Sweet is an ex-officio member of the Johnson County Planning Council for MH/DD Services.

The Planning Council acts in an advisory capacity to the Johnson County Board of Supervisors. The Planning Council is comprised of the five members of the Board of Supervisors, four consumers or family members, and four individuals from the general public. In addition, four service provider representatives serve on the Planning Council as non-voting members.

The Johnson County Board of Supervisors also appoints five committees to support the work of the Planning Council. Each committee is chaired by a member of the Planning Council. The Executive Committee is comprised of Planning Council officers, committee chairs and the Board of Supervisors chairperson. The Executive Committee develops the agenda for the Planning Council.

One of the duties of the Planning Council is to review and approve a budget to be submitted to the Board of Supervisors for the MH/DD Department. The Council is also to monitor the budget on an on-going basis and recommend any adjustments deemed necessary.

Effects of Funding Changes:

During the 2000 session, the State Legislature added two eligibility requirements to be met by counties receiving funding from the Per Capita Expenditure Target Pool. The legislation established that, in addition to the requirements listed previously, the ending balance of the Mental Health Fund (calculated using generally accepted accounting principles) must be equal to or less than 35 percent of the county’s projected expenditures for the fiscal year ended June 30, 2001. In addition, in order to be eligible for funding from the pool, counties were required to comply with filing date requirements established by Section 331.403 of the *Code of Iowa*.

During the 2001 session, the State Legislature established a series of withholding factors to be applied to the allowed growth funding provided by the State during the fiscal year ended June 30, 2002. The legislation required that the ending balance of the Mental Health Fund for the fiscal year ended June 30, 2001 be less than 15 percent of the county’s gross expenditures from the fund in order to receive full funding of the allowed growth funding. If a county’s ending balance in the Mental Health Fund was in the range of 15 through 24 percent of gross expenditures, a withholding factor of 12.8 percent was to be applied to the county’s allowed growth funding for the next fiscal year. If a county’s ending balance in the Mental Health Fund was in the range of 25 through 34 percent or 35 through 44 percent of gross expenditures, a withholding factor of 35 or 67.25 percent, respectively, was to be applied to the county’s allowed growth funding. The Governor approved the legislative actions on May 31, 2001.

During the 2002 sessions, the Legislature adjusted the withholding factors and the thresholds used to determine the withholding factor to be applied to each county’s allowed growth funding. The following table summarizes the withholding factors established by the Legislature.

Ending Balance of Mental Health Fund for the Fiscal Year Ended June 30, 2002*	Withholding Factor
Less than 10%	0%
10 through 24%	48.1%
25 through 34%	60%
35 through 44%	85%
45% or more	100%

*Expressed as a percentage calculated by dividing the ending balance of the Mental Health Fund (on a modified accrual basis under generally accepted accounting principles) for the fiscal year ended June 30, 2002 by the gross expenditures (also on a modified accrual basis) from that fund for the fiscal year.

The Johnson County MH/DD Services Executive Committee met on April 9, 2002. In response to the changes to the withholding factors and thresholds being considered by the Legislature, the committee discussed ideas to “spend-down the fund balance to approximately 8%” of the current year’s expenditures. According to summary minutes of that meeting, the Committee planned to recommend to the Planning Council that the County hire another CPC to review questionable legal settlements, convert closed files to an electronic format, and expedite the purchase of the management information system and other computer related services.

Also, on April 20, 2002, the Director of the MH/DD Department sent an electronic mail message to a DHS official asking permission to transfer MH/DD funds to another County fund to reserve them for future expenditures and “protect the MH/DD fund balance from FY 2003 cuts.” A copy of the message is included in **Appendix 1**. The response from the DHS official and a reply from the Johnson County Auditor are also included in **Appendix 1**. The response stated that the transfer would be seen as an attempt to qualify for money when the requirements for State funding would not be met. The response further went on to clarify that prepayment of expenditures would not reduce the balance in the Mental Health Fund at the end of the fiscal year. The response includes the statement “However legitimate the future expense is going to be, until the actual service is delivered the expenditure for that service is still a balance in the fund and must count towards determining your qualifying amount.”

The Johnson County Board of Supervisors subsequently approved a budget amendment for the MH/DD Department. The amendment was made on May 16, 2002 and it increased the authorized level of expenditures in the Mental Health Service Area by \$1,353,000 to \$10,588,146.

The Planning Council met on May 21, 2002. The minutes of that meeting document that a member of the Council “questioned the increased change in anticipated costs that are in the budget amendments.” According to the minutes, the Director of the MH/DD Department responded that “the increase is for additional items and enhancements in our attempt to spend down the fund balance.” In addition, the notes of a meeting held with providers on May 23, 2002, document that the Director communicated to the providers that “we are in the process of trying to spend money to save money for the Johnson County taxpayers.” The notes also document that “the intent of the budget amendment is to not only decrease the fund balance, but to do so responsibly and in a way that will benefit Johnson County consumers, services, providers, and MH/DD for the long term, while keeping to the goals and objectives outlined in the MH/DD Services Management Plan.” A copy of the meeting notes is include in **Appendix 2**.

Detailed Findings

As summarized in **Exhibit A**, the procedures we performed identified \$458,954.56 of unallowable disbursements and \$313,846.20 of questionable disbursements. In addition, the procedures we performed identified \$257,057.85 of disbursements for prepayment of expenses and are not allowable deductions from the fiscal year 2002 ending fund balance of the Mental Health Fund. Specific recommendations are found in the “Recommended Control Procedures” section of this report.

Unallowable Disbursements

We reviewed disbursements made from the Mental Health Fund throughout the fiscal year to determine allowability. The following items were identified for the disbursements reviewed.

- A-1) Provider Block Grants** – On June 27, 2002, County warrants were prepared and issued to ten providers. The warrants totaled \$180,002.00. According to the Director of the MH/DD Department, the amount given to each provider was based on the direct disbursements made to the provider during the fiscal year ended June 30, 2001. The payments are summarized in the following table.

Service Provider	Block Grant Payment Amount
Systems Unlimited	\$ 43,508.00
Chatham Oaks	36,672.00
Goodwill of SE Iowa	32,674.00
Mideast Iowa Community Mental Health Center	28,456.00
Life Skills	16,152.00
Hillcrest Family Service	8,116.00
Reach For Your Potential	6,923.00
Mayor's Youth Employment Program (MYEP)	4,722.00
Successful Living	1,597.00
Employment Plus	1,182.00
Total	\$ 180,002.00

The minutes of the Executive Committee and the Planning Council do not contain notation of any discussion of these payments. However, in a letter to the service providers dated June 20, 2002, the Director stated "A warrant is enclosed to assist in defraying the extraordinary costs your agency incurred in assisting with MH/DD special projects during the past year." A copy of the letter sent by the Director of the MH/DD Department is included in **Appendix 3**.

In an electronic mail message sent to the members of the Board of Supervisors on June 25, 2002, the Director informed the Board that service providers would be receiving grant funds (discussed in the next finding) and "bonuses." A copy of the message is included in **Appendix 4**.

"Bonuses" to service providers are not an allowable use of public funds and have been included in **Exhibit A**. The County had already met its contractual obligations to the providers for the services rendered, and additional payments should not be made without additional goods or services being received. We did not identify any special projects for which these providers assisted the MH/DD Department. The contract between the County and each service provider allowed for the Quality Assurance project and, therefore, it was covered by the contracted service rate.

These block grants are not included in the County's Services Management Plan. It is doubtful that a disbursement of funds for which no additional goods or services are received would be included in an approved Management Plan.

A-2) Grants to Providers - On June 18, 2002, the Executive Committee voted to award 21 individual grants to ten service providers. The grants totaled \$143,831.00. According to the minutes of the Committee's meeting, the parameters of eligibility for the grants included:

- a) grants would not be provided for staff compensation requests,
- b) the size of the agency and the volume of business a provider agency does with the Johnson County MH/DD Department would be considered,
- c) the proposal supports the mission of the Johnson County MH/DD Department, and
- d) the proposal supports services for consumers.

Among the items included on the successful grant applications were a van to transport consumers, supplies and equipment, and a \$40,000.00 software package for a provider's payroll system. In addition, the Executive Committee authorized a grant to a

provider to help defray the costs of moving twenty consumers (only fourteen of which were Johnson County consumers) to new housing. The provider had already made arrangements to move the consumers and had not previously anticipated funding from Johnson County for this purpose. A complete list of the successful grants and a summary of the intended use of the funds is included in **Exhibit B**.

During our review of the grants, we determined that each of the grants had the characteristics of an operating subsidy to the provider rather than a typical grant. Items such as supplies and equipment, software to be used for administrative functions, and transportation needs are the responsibility of the service providers, not the County. In addition, Johnson County should not provide funds to benefit consumers other than those that have been determined to be the legal responsibility of the County.

The County compensates each service provider based on the number and types of services provided and the agreed upon contracted billing rate. As stated above, the County met its contractual obligations to the providers for the services rendered and additional payments should not be made to the providers only in an attempt to spend down the Mental Health Fund balance.

While it is not uncommon for governmental entities to grant funds for specific programs or objectives, these disbursements do not meet the parameters of typical grants and therefore are not a prudent use of public funds. Grants are typically limited in their purpose and/or funding amounts; there were very limited restrictions placed on the purposes for which the successful grant applicants could use the funding provided by the MH/DD Department. Because of the manner in which the funds were granted and the types of purposes for which the funding was used, we consider these disbursements to be unallowable and have included them in **Exhibit A**.

A-3) Computer Equipment and Software for Providers – The federal Health Improvement Portability and Accountability Act (HIPAA) of 1996 becomes effective in late 2002. The goals of HIPAA are:

- to improve the efficiency of the health care system through standardizing transactions, including billing forms and codes;
- to enhance protections for private health information; and
- to restore trust in the health care system by addressing concerns that technology advances threaten privacy.

The types of organizations that are affected by HIPAA are health care providers, health plans, and organizations such as the Johnson County MH/DD Department which process claim payments and handle case management.

According to the web site of the Iowa State Association of Counties (ISAC), on May 1, 2002, over 240 county officials, including county supervisors, auditors, CPC Administrators and case management directors, attended a workshop on the impact of HIPAA on county government. A summary ISAC's recommended approach to implementing the HIPAA provisions can be found on ISAC's website. Among the recommendations are to approach implementation on a county-wide basis, to identify gaps in physical and electronic storage and identify business partners and develop agreements to implement HIPAA requirements. The recommendations make no mention of a county's responsibility for service providers' compliance with HIPAA.

While reviewing the MH/DD Department disbursements, we identified three claims totaling \$41,360.76 for the purchase of computers, software and filters to be used by service providers for HIPAA compliance. The warrants were issued on June 27, 2002. At the time of our fieldwork, these computers and equipment had not been placed at the providers and remained in the possession of the County. The County plans to draft an agreement that limits the providers' use of the computers to case management and billing functions for Johnson County consumers.

The contracts between Johnson County and its service providers do not require use of the computers and software purchased by the County. As a result, the County should not have purchased the computers and related software without the providers' prior written agreement that they were willing to use one system for case management and billing functions for Johnson County consumers and a separate system to do the same functions for consumers from other counties. Prior written agreement should also have been reached on what adjustments in rates would result from the County paying for items that would otherwise be the financial responsibility of the providers and on how the County would monitor that the computers were being used exclusively for Johnson County consumers.

The detail of these purchases is as follows:

Vendor	Description	Voucher	Amount
Iowa Book and Supply	23 privacy filters at \$193.64 each	9464	\$ 4,453.72
ASAP Software	23 software programs at \$318.48 each	9456	7,325.04
Dell Marketing	5 computers with modem at \$1,312.00 each 18 computers at \$1,279.00 each	9339	29,582.00
Total			<u>\$ 41,360.76</u>

Without prior written agreement, providers are responsible for acquiring any computers and software they believe is necessary to adequately provide their service. These purchases have been included in **Exhibit A**.

A-4) HIPAA Analysis - The County MH/DD Director contracted with Computer Horizons Corporation of Mountain Lakes, New Jersey to perform a HIPAA analysis and report its findings. No bids were obtained prior to entering into the contract. The contract was entered into on Friday, June 21, 2002 and the analysis was conducted from Monday, June 24 through Wednesday, June 26. The final report was issued June 30, 2002. According to the "Introduction and Overview" section of the report, the team conducting the analysis toured the County and twelve service providers making observations related to current operations and interviewing selected staff members, focusing on assessing operations, existing policies and procedures, and other documentation required for achieving HIPAA compliance. The team used a series of surveys designed to collect a standard set of data related to current operations as they relate to HIPAA.

The cost of the assessment was \$45,000.00. The County also reimbursed the vendor \$3,706.50 for airfare, \$1,098.72 for hotel, \$840.00 for car rental and \$270.00 for food. The total cost to the County was \$50,915.22.

While an analysis of the County's compliance with HIPAA requirements is an allowable disbursement, an analysis of compliance at the service providers should be the responsibility of the individual providers. It is each provider's responsibility to maintain an operational environment that complies with all applicable laws and regulations and allows for quality services to be provided to consumers.

The invoice from Computer Horizons did not provide enough detail to determine how much of the total cost was a result of reviewing the County's compliance with HIPPA requirements. Because the same procedures were performed at each of the thirteen entities reviewed, we calculate Johnson County's portion of the cost to be \$3,916.56, or one-thirteenth of the total bill. The balance of \$46,998.66 is the responsibility of the twelve providers and is an unallowable disbursement for Johnson County. As such, we have included the \$46,998.66 in **Exhibit A**.

A-5) Retroactive Rate Adjustment - At the May 30, 2002 Johnson County Board of Supervisors meeting, the Board of Supervisors approved a retroactive rate adjustment to Chatham Oaks for \$46,762.14.

At the beginning of fiscal year 2002, the County continued a contracted rate with Chatham Oaks and the provider billed the County for services provided at that negotiated rate throughout the fiscal year. The county had no contractual obligation to retroactively increase the rate paid to the provider for services during fiscal years 2001 and 2002. The payment has been included in **Exhibit A**.

In addition to the retroactive rate adjustment, Chatham Oaks received a block grant of \$36,672.00 and a grant for \$18,950.00, as stated previously.

Questionable Disbursements

We also reviewed disbursements made from the Mental Health Fund to determine if the payments met the test of public purpose. The following questionable disbursements were identified.

B-1) Quality Assurance Project - According to the Director of the MH/DD Department, when the Board of Supervisors amended the budget in May, one of the planned expenditures was the completion of a quality assurance review of the MH/DD Department's case files.

The Director arranged for 13 independent contractors to review 13 service providers for the Quality Assurance project. Six of the contractors were employed by other counties as Central Point Coordinators, two were Mental Health Advocates for judicial districts, three were full time employees of Johnson County service providers, and two were individuals formerly employed by DHS.

On June 3, 2002, the MH/DD Department Director met with the independent contractors to discuss the Quality Assurance project. According to the Director, the contractors signed confidentiality statements and audit information was distributed and reviewed. Timesheets, claims and payment for services were also discussed.

The independent contractors formed teams to review each provider. The teams visited provider agencies beginning on June 4 to conduct quality assurance audits of agency records and the related billings for consumers who were funded by the Johnson County MH/DD Department. The audits focused on the following areas:

Services	Administrative
Safety / Health	MH/DD Services Management Plan
Progress on ISP Goals	MH/DD services provider contract
Level of need	Targeted case management process
Services appropriate to need	County rate information system (CRIS) process
Consumer choice	Accreditation / Licensure
Empowerment	Billing
Community integration	
Normalization	
Self advocacy	

At the completion of the project, individual reports were prepared for each provider reviewed. The date on most of the signature pages of the reports was June 27, 2002. The reports were submitted to the Director of the MH/DD Department at the end of June and to the Board of Supervisors on July 11, 2002.

As summarized in **Exhibit C**, the 13 independent contractors were paid a total of at least \$71,422.50 for the Quality Assurance project. (There were payments made to several contractors that worked on the Quality Assurance project and one or more other projects for the County during the same time period. The contractors submitted claims that did not document which project they were billing for.)

In addition, Kelly Yeggy submitted a claim for \$2,500.00 for the “Johnson County Agency Audit/Survey Final Report for the Johnson County Planning Council completed for Fiscal year 2002.” The final report was not received by June 30, 2002. The claim and the resulting voucher were approved by the Director and contain notations to accrue the disbursement as a fiscal year 2002 expense. However, once the warrant was prepared, the Director requested that it be removed from the authorized payments and not mailed. The warrant was subsequently voided.

The completion of a quality assurance and outcomes measures project was included as a goal in the County’s Strategic Plan amended for fiscal year 2002. According to the Strategic Plan, the County’s goal was to “plan, develop, and implement an effective quality assurance/utilization review process to promote appropriate, responsible, outcomes-based practice which promotes consumer choice in a Managed Care environment.” The projected cost of the review process, according to the Services Strategic Plan, was \$10,000.00 to \$12,000.00 for professional consulting services.

It appears that in the effort to “spend down” the funds in the MH/DD Fund, the Quality Assurance project was allowed to significantly exceed the expected costs. Because it appears that management did not use prudent judgment in the cost administration of this project, we believe the amount spent in excess of the \$12,000.00 estimate, or \$59,422.50, is a questionable use of public funds. This amount is included in **Exhibit A**.

In addition, as illustrated in **Exhibit C**, the Director allowed the independent contractors working on the Quality Assurance project to be prepaid \$10,625.00 for their services. Prepayment of expenses is addressed in greater detail in **Finding C-1**. Because the prepayments for the Quality Assurance project are included in the \$59,422.50 of questionable costs, they have not been included in the subsequent finding.

B-2) Independent Contractors Employed by Other Governmental Entities – Some of the independent contractors working on several special projects for Johnson County held full time positions elsewhere. As stated in **Finding B-1**, some were employed by other counties as Central Point Coordinators, two were Mental Health Advocates for judicial districts, some were full time employees of Johnson County service providers, and others were individuals formerly employed by DHS.

For the independent contractors that were employed by other counties and the judicial districts, we compared the Johnson County claims submitted by the contractors to the timesheets submitted to their employers. A number of the contractors took vacation or other time off from their jobs to work on the Johnson County special projects. However, we identified six contractors who recorded concurrent working hours for both Johnson County and their employer. **Exhibit D** summarizes the six contractors and the specific days and times that conflict. We are unable to determine for which entity the contractor was actually working for the time periods shown. The amount paid by Johnson County to the independent contractors for this time totaled \$7,012.50.

Because we are unable to determine if Johnson County received services for these payments, we consider the \$7,012.50 paid to the contractors to be a questionable disbursement; however, \$5,487.50 of this amount is included in **Finding B-1**. Therefore, the difference of \$1,525.00 is included in **Exhibit A**.

Diane Blackburn, the CPC of Jackson County, is included in the independent contractors listed in **Exhibit D**. By reviewing the claims Ms. Blackburn submitted to Johnson County and the timesheets she submitted to Jackson County, we identified six days for which she recorded working for both counties at the same time. In addition, Ms. Blackburn took three days of leave in June from Jackson County for her mother's funeral. For two of the three days, she recorded working eleven hours and fifteen hours, respectively, for Johnson County.

Officials at Jackson County also identified similar concerns prior to our special investigation. On July 23, 2002, the Jackson County Board of Supervisors suspended Ms. Blackburn. She was terminated from employment by the Board three days later.

B-3) Expedited Purchase of Services – The summary minutes of the Executive Committee's meeting on April 9, 2002 document that the balance of the Mental Health Fund was discussed and the Committee planned to recommend to the Planning Council "to spend-down the fund balance." The minutes also document that one of the ideas to reduce the balance was to expedite the purchase of the MIS (management information system) and other computer related services. A copy of the minutes is included in **Appendix 5**.

At the Board of Supervisor's April 18, 2002 meeting, the Board authorized the MH/DD Department and the County Attorney's Office to begin negotiations with Polk County to establish an agreement established under Chapter 28E of the *Code of Iowa* for the development of computer software that authorizes and pays for mental health services. Johnson County planned to have the software owned by Polk County modified in order to establish a customized MIS. The 28E agreement is discussed in greater detail in **Finding C-2**.

Johnson County also entered an agreement with the vendor that developed the software for Polk County. A master agreement between Johnson County and Quilogy, Inc. was established on May 9, 2002 and was effective from April 29, 2002 through April 29, 2003. However, the agreement was not signed by the General Manager of Quilogy, Inc. until June 20, 2002 or the Director of the MH/DD Department until June 25, 2002. According to the master agreement, Quilogy, Inc. was to provide professional services for Johnson County as defined in Statements of Work (SOWs) to be signed and executed by both parties before actual work began.

We reviewed two SOWs detailing professional services to be provided by Quilogy, Inc. to Johnson County. One SOW (number 23836) stated the starting and ending dates of the work were to be April 29, 2002 and June 29, 2002, respectively. This SOW was signed by a Quilogy, Inc. representative on June 20, 2002 and the Director of the MH/DD Department on June 25, 2002. The work to be performed was described in the SOW as a “gap analysis of existing Polk County Health Services requirements documents versus the needs of Johnson County MHDD.”

The second SOW (number 23107) stated the starting and ending dates of the work were to be May 2, 2002 and July 30, 2002, respectively. This SOW was signed by a Quilogy, Inc. representative on June 20, 2002 and the Director of the MH/DD Department on June 24, 2002. The work to be performed was summarized in the SOW as customization of the Polk County MIS project. Attached to a copy of the SOW obtained from the County was a series of electronic mail messages between an Assistant Johnson County Attorney and Quilogy representatives. The messages were dated between June 18 and June 20, 2002. They addressed the urgency to complete the agreement between Quilogy and Johnson County in order to pay Quilogy prior to the end of the fiscal year, which was documented as a “strong preference.”

The following table summarizes payments made to Quilogy, Inc. for consulting services during May and June of 2002. The table also summarizes the dates of service shown on the vendor’s invoices.

Date of Service				
SOW #23836	SOW #23107	Amount	Voucher Number	Date Paid
04/21/02-04/30/02		\$ 1,750.00		
04/21/02-04/30/02		1,750.00		
05/01/02-05/04/02		1,650.00		
		<u>5,150.00</u>	8144	05/23/02
05/12/02-05/18/02		1,125.00		
05/19/02-05/25/02		1,725.00		
	05/23/02-05/31/02	13,050.00		
		<u>15,900.00</u>	9041	06/20/02
April & May meals, mileage & lodging		637.94		
	06/01/02-06/08/02	17,300.00		
		<u>17,937.94</u>	9405	06/27/02
05/05/02-05/11/02		3,425.00		
	06/09/05-06/15/02	21,075.00		
		<u>24,500.00</u>	9472	06/27/02
	06/16/02-06/22/02	14,650.00	9473	06/27/02
	Total	<u>\$ 78,137.94</u>		

Because the master agreement with Quilogy required SOWs to be signed before work actually begins and the services listed above were completed prior to the dates the SOWs were signed by County and Quilogy officials, this amount has been included in **Exhibit A** as a questionable disbursement.

B-4) Stock Piling of Equipment and Supplies – Twelve warrants totaling \$192,260.36 were issued to computer and technical service vendors for the MH/DD Department between June 20, 2002 and June 27, 2002. Of the total, \$36,907.04 was for the purchase of computers for providers and is included in **Finding A-3** (\$29,582.00 to Dell Marketing and \$7,325.04 to ASAP Software.) While the purchase of computers and technical services for the County may be an allowable disbursement, it appears that the timing of the purchases was an effort to “spend down the fund balance” on equipment and were not a prudent use of public funds. The purchases are summarized in **Exhibit E** and the total cost is included in **Exhibit A**.

In addition, five disbursements were made to Iowa Book and Supply between June 13 and June 30, 2002. The disbursements totaled \$18,420.46 and were for two televisions, a TV/VCR stand, office furniture, various pieces of equipment, and supplies. The purchases are summarized in **Exhibit F**. While the individual items purchased may not be unallowable, the timing of the purchases demonstrates an effort to stockpile supplies and purchase excessive equipment and, therefore, are not a prudent use of public funds. The total cost of the purchase is included in **Exhibit A**.

We also identified a payment to Target for the purchase of a camera and tripod. As can be seen on the copy of the electronic mail message copied in **Appendix 6**, a notation was made that perhaps the equipment could be used for education. It appears that the Director authorized the purchase without a specific use in mind for the equipment. Such a purchase also appears to be an effort to “spend down the fund balance” and is not a prudent use of public funds. The total cost of the purchase is included in **Exhibit A**.

B-5) File Retention Project – The Director of the MH/DD Department hired Diane Blackburn to research the legal requirements for retention of the Department’s records. A copy of Ms. Blackburn’s report to the Director, in the form of a memo, is included in **Appendix 7**. It contains reference sources, including the Iowa Administrative Code, DHS, the Joint Commission on Accreditation of Health Care Organization, and the American Hospital Association and American Medical Record Association. Ms. Blackburn was paid \$450.00 for the research she performed. Based on our review of the report, it appears that the MH/DD Department’s staff should have had access to these resources and the research could have been done as a part of their normal job duties. The information does not appear to be specialized in a manner as to require the use of an outside consultant to perform the research. The \$450.00 paid to Ms. Blackburn for this project has been included in **Exhibit A** as a questionable disbursement.

Disbursements for Prepayments of Expenses

We reviewed a number of disbursements made during the last three months of fiscal year 2002 to determine if the payments were for goods or services received by June 30, 2002 or if the payments were a prepayment of expenses. We concentrated our review in the MH/DD expenditure accounts that were amended in May. We also scanned the warrant registers for June and identified purchases of equipment and supplies and payments to service providers which represent potential prepayments.

We identified a number of disbursements made in June for which services were to be provided after June 30, 2002. Fourteen of the disbursements were to independent contractors and nine were to other vendors. The disbursements are an allowable use of MH/DD funds, but should not be accrued as fiscal year 2002 expenses or reduce the ending balance in the Mental Health Fund at June 30, 2002. The disbursements total \$257,057.85 and are summarized in the following findings.

C-1) Independent Contractors – In addition to the Quality Assurance and File Retention projects discussed in **Findings B-1** and **B-4**, respectively, the Director of the MH/DD Department authorized several other special projects to be completed by independent contractors during the last quarter of fiscal year 2002. The projects are described below.

- Consumer Satisfaction Survey – The Iowa Administrative Code requires that consumer expectation and perceptions be included in assessing quality of services and effectiveness of performance. To meet this requirement, Johnson County performs annual consumer satisfaction surveys. The Director of the MH/DD Department arranged for the CPC from two other counties to perform the annual survey for 2002.

In addition, the MH/DD Department's Strategic Plan states that the development of consumer and provider surveys to measure the level of satisfaction with service coordination will be one step of the "Service Coordination" goal. According to the Strategic Plan, the projected cost of the goal is a component of departmental operations. The Strategic Plan does not indicate that costs to hire independent contractors will be incurred to accomplish the goal.

According to the draft report we reviewed of the consumer satisfaction survey completed, no modifications were made to the 2001 survey. Surveys were sent to 359 consumers and 188 were returned. In addition, 71 personal interviews were held by the contractors with consumers. Johnson County paid the two CPCs \$9,937.50 to perform the survey.

- County Management Information System Project (CoMIS) – This project was to perform data entry to bring CoMIS up-to-date. Information related to payments for services had not been entered into CoMIS in a timely manner. The independent contractor hired by the Director of the MH/DD Department for this project was a former employee of the MH/DD Department in Washington County. In addition, two other individuals provided limited assistance with CoMIS. As illustrated in **Exhibit G**, total payments of \$7,440.00 can be directly identified with the CoMIS project.
- Waiver Review – Connie Fett, the CPC of Cedar County, was hired as an independent contractor to complete an analysis of the Home and Community Based Waiver Services for mentally retarded adults. According to the Director of the MH/DD Department, Ms. Fett reviewed approximately 135 existing waiver client files and approximately 30 applicant files for appropriateness and accuracy. She also prepared a 10-year projection of children that will attain the age of majority and transition into adult waiver slots. She was paid \$1,200.00 for her work, which was submitted to the Planning Council in September.
- Other Special Projects – The Director of the MH/DD Department also authorized disbursements to independent contractors for other smaller, miscellaneous projects. These included consumer education, provider contracts, and assistance provided to a technical consultant.

On a sample "Request for Payment" document faxed to independent contractors on June 14, 2002, the Director instructed them to submit a claim documenting time worked on June 29 and June 30 for any "wrap-up" work that would be completed after June 30, 2002. According to a notation by the Director on the fax, "This should cover any odds and ends with the project and cover your return in September for [the] Planning [Council meeting.]"

With the exception of one claim, all of the independent contractor claims for wrap-up or summation work contain a notation to accrue the disbursement as a fiscal year 2002 expense. In addition, all of the resulting vouchers contain the same notation. Each claim and voucher was approved by the Director of the MH/DD Department. According to discussions held with the Director, these claims do not represent work performed by the contractors for Johnson County on those days.

The claims that document performance of services that were not provided to the County on the dates documented constitute falsified public documents. Section 721.1 of the *Code of Iowa* states that any public employee who knowingly falsifies a public record commits a class "D" felony.

The prepayments for the Quality Assurance project are summarized in **Exhibit C**. The prepayments for the other special projects are summarized in **Exhibit G**.

Given that the Director received correspondence on April 22, 2002 from a DHS official stating that prepayment of expenditures would not reduce the balance of the Mental Health Fund (see **Appendix 1**), it appears that the Director's actions were meant to mask fiscal year 2003 expenses and spend down the fiscal year 2002 balance of the Mental Health Fund.

In late July, the Johnson County Attorney and County Auditor raised concerns regarding prepayments to the independent contractors. On July 29, 2002, the Director sent a letter to each contractor requesting that any payments for services not performed by June 30, 2002 be returned to the County. **Exhibits C** and **G** summarize the prepayments that have been reimbursed to the County. The \$2,205.00 that has not yet been repaid to the County is included in **Exhibit A**.

The Director indicated in an undated memo to the Johnson County Auditor's Office that the disbursements made for services claimed on June 29 and 30 were prepayments of fiscal year 2003 expenses. In addition, the memo documents that the \$2,500.00 claim submitted by Ms. Yeggy (included in **Finding B-1**) and the \$3,500.00 to Ms. Stutzman (included in **Exhibit G**) are also to be considered prepaid expenses. The memo also states that the \$2,500.00 claim from Ms. Yeggy was unpaid. Because a staff member of the County Auditor's Office pulled Ms. Yeggy's payment on July 29, 2002 (thus making it "unpaid"), the correspondence to the Auditor's Office must have been sent after the County Attorney raised concerns about prepayments being made by the MH/DD Department.

C-2) Payment to Polk County - Johnson County entered into an agreement with Polk County established under Chapter 28E of the *Code of Iowa* for the development of computer software that authorizes and pays for mental health services. Under the terms of the agreement, both Johnson and Polk Counties are responsible for a \$50,000.00 contribution for the initial development expenses of the software. In addition, the agreement requires Johnson County to pay Polk County \$130,000.00 for a license to use and alter the software Polk County had already developed at the time of the agreement.

The agreement was effective at the time it was "executed, filed with the Secretary of State, and recorded with the Johnson County Recorder and Polk County Recorder." It was approved by the Johnson County Board of Supervisors on June 20, 2002 and received in the Secretary of State's Office on July 12, 2002. It was recorded by the Polk County Recorder on July 5, 2002. A \$180,000.00 warrant was issued to Polk County on June 27, 2002. While the payment is an allowable use of MH/DD funds, it should not be accrued as a fiscal year 2002 expense and does not represent a reduction of the ending balance in the Mental Health Fund at June 30, 2002.

C-3) Registration Fees – The following table summarizes the registration fees paid from the County’s Mental Health Fund on June 27, 2002. Because these conferences occurred after June 30, 2002, the expenses should not be recognized during fiscal year 2002.

Vendor	Description	Voucher	Amount
Iowa State University	Registration for five consumers to attend a conference July 15 – 17, 2002	9466	\$ 1,000.00
National Association of County Behavioral Health Directors	Membership fee and registration for regional conference on August 1, 2002	9399	385.00
Career Track	Registration for “Mistake-free Grammar and Proofreading” workshop on August 15, 2002	8738	250.00
	Total		\$ 1,635.00

C-4) Tri-State Travel – A warrant was issued from the Mental Health Fund for \$700.00 on June 27, 2002 to Tri-State Travel to reserve a bus to Marshalltown on July 15 and July 17, 2002. As noted previously, the Department paid for five consumers to attend the “Empower 2002” conference sponsored by Iowa State University. In addition to these five individuals, other consumers who reside in Johnson County attended the conference. The MH/DD Department provided round trip bus service for the consumers who attended. Because the bus services were received after June 30, 2002, the expense should not be recognized during fiscal year 2002.

C-5) Mid-Eastern Iowa Community Mental Health Center – Two warrants were issued from the Mental Health Fund on June 27, 2002 to Mid-Eastern Iowa Community Mental Health Center. One warrant totaling \$60,525.85 was for services provided to Johnson County consumers for the month of July, 2002. The warrant was the thirteenth monthly payment made to the service provider during fiscal year 2002. The claim submitted to the County Auditor’s Office for payment was approved by the Director of the MH/DD Department.

The second warrant was for a block grant from July through September, 2002, and it totaled \$11,770.00. This block grant is included in the County’s annual contract with the provider. The payments are for homeless outreach, consultation and education services for the chronically mentally ill. The payments are made to the provider in a “block” rather than on a per unit of service basis.

Because the two payments are for services provided after June 30, 2002, they should not be accrued as fiscal year 2002 expenses.

C-6) Reference Materials – A warrant was issued from the Mental Health Fund for \$194.00 on June 27, 2002 to the Treasurer of the State of Iowa for a CD-ROM version of the *Code of Iowa* and Administrative Code. According to a representative of the Legislative Services Bureau, the order was shipped to the County on July 5, 2002. Also, a warrant was issued from the Mental Health Fund for \$28.00 on June 13, 2002 to Iowa Association of Community Providers for a resource directory. The directory was to be printed after June 14, 2002. Because these materials were received after June 30, 2002, the disbursements should not be accrued as fiscal year 2002 expenses.

Comparison of Disbursements

We compared the disbursements made from the Mental Health Fund on a cash basis between fiscal years 2001 and 2002. A summary of the disbursements by month is included in **Exhibit H**. As illustrated in **Exhibit H**, the monthly disbursements increased significantly between May and June of 2002. The disbursements made in June, 2002 also exceeded the disbursements made in June, 2001 by \$1,317,591.64, approximately the same amount of the \$1,353,000 budget amendment approved by the Board of Supervisors in May, 2002. As discussed in previous sections of this report, most of the disbursements made as a result of the increased budget were unallowable or questionable disbursements or prepayments of fiscal year 2003 expenses. The disbursements did not result from increased services provided to consumers in Johnson County.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the MH/DD Department to process disbursements. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide that the actions of one individual will act as a check on those of another and provide a level of assurance that errors or irregularities will be identified within a reasonable time during the course of normal operations.

- A. Unallowable Disbursements - Each county must complete a MH/DD Services Management Plan in order to meet the requirements of Section 331.424A of the *Code of Iowa*. The Services Management Plan describes the services and programs that the MH/DD Department will provide the citizens of the County. It must be approved by the County Board of Supervisors and submitted to the Department of Human Services.

Several disbursements were made from the Mental Health Fund that were for services that were not included in the County's Services Management Plan.

Recommendation - The County should implement procedures that ensure administrators understand the restrictions placed on the Management Services Plan expenditures. If any questionable services/purchases are considered, the County should document the specific area within the Management Services Plan that allows those services.

In addition, the County should attempt to recover any costs identified as unallowable. For example, the County should bill each of the twelve service providers that participated in the HIPAA analysis \$3,916.56.

Also, the County should consult with officials at the Department of Human Services to determine a proper resolution of other unallowable and questionable disbursements.

- B. Excessive Expenditures at Year End - Several warrants were issued for equipment and supplies ordered at the end of the fiscal year in what appears to be stock piling and/or excessive purchases to "spend down the fund balance." While the purchase of supplies and equipment may be allowable expenditures, excessive purchase at the end of the fiscal year appears to be poor management and a questionable use of taxpayer funds.

Recommendation - Disbursement of public funds should be made when there is a direct benefit to the public. The County Board of Supervisors should monitor excessive purchases at year end and document the public purpose of any purchases that may appear questionable.

- C. Questionable Payments Made to Independent Contractors - Six of the independent contractors hired by the Director of the MH/DD Department for special projects reported working concurrently for Johnson County and their employer. We are unable to determine for which entity the contractor was actually working for the time periods shown.

Recommendation - Johnson County officials should consult with officials of the entities that employ the contractors identified to determine for which entity the contractor was working. The proper adjustments should then be pursued.

- D. Prepayment of Services - Warrants were written at the end of the fiscal year for services that were not performed or completed.

Recommendation - Claims for services performed by independent contractors should only be paid when completed. Payment in advance would not guarantee that the services will be performed or performed satisfactorily. The prepaid claims identified in this report should not be accrued as a fiscal year 2002 expense.

- E. Bids - With the approval of the Planning Council, the Director of the MH/DD Department entered into a contract with a company to provide consulting services related to HIPAA analysis. The cost of the contract exceeded \$50,000 and the work performed was started, completed and reported on within one week of the contract's formation. No bids were taken for the work to be performed.

Recommendation - To ensure the most competitive prices are obtained, the County should consider implementing a policy requiring bids for goods and/or services exceeding a specified dollar value.

Johnson County Mental Health/Developmental Disabilities Department

Special Investigation of the
Johnson County Mental Health/Developmental Disabilities Department
Summary of Findings
For the Fiscal Year Ended June 30, 2002

Description	Finding	Exhibit	Amount
Unallowable Disbursements:			
Provider Block Grants	A-1	-	\$ 180,002.00
Grants to Providers	A-2	B	143,831.00
Computer Equipment and Software for Providers	A-3	-	41,360.76
HIPAA Analysis	A-4	-	46,998.66
Retroactive Rate Adjustment	A-5	-	46,762.14
			458,954.56
Questionable Disbursements:			
Quality Assurance Project	B-1	C	59,422.50
Independent Contractors	B-2	D	1,525.00
Expedited Purchase of Services	B-3	-	78,137.94
Stockpiling of Equipment and Supplies:			
Computers	B-4	E	\$ 155,353.32
Iowa Book and Supply	B-4	F	18,420.46
Camera and Tripod	B-4	-	536.98
File Retention Project	B-5	-	450.00
			313,846.20
Disbursements for Prepayment of Expenses:			
Independent Contractor - CoMIS Project	C-1	G	2,205.00
Payment to Polk County	C-2	-	180,000.00
Registration Fees	C-3	-	1,635.00
Tri-State Travel	C-4	-	700.00
Mid-Eastern Iowa Community Mental Health Center:			
July services	C-5	-	60,525.85
Block grant for July through September, 2002	C-5	-	11,770.00
Reference Materials	C-6	-	222.00
			257,057.85
Total			\$ 1,029,858.61

Special Investigation of the
 Johnson County Mental Health/Developmental Disabilities Department
 Grants to Service Providers
 For the Fiscal Year Ended June 30, 2002

Vendor Name	Grant Proposal			MH/DD Grant
	Grant Funding from MH/DD	Provider Match	Project Total	Amount Awarded
Life Skills	\$ 10,000.00	2,627.00	12,627.00	10,000.00
Hillcrest Family Service	38,500.00	3,500.00	42,000.00	10,000.00
Chatham Oaks	31,258 / 18,950 new used	-	31,258 / 18,950 new used	18,950.00
Chatham Oaks	2,289.82	-	2,289.82	2,290.00
Reach For Your Potential	1,008.91	1,008.92	2,017.83	1,009.00
Reach For Your Potential	3,135.72	1,343.88	4,479.60	3,136.00
Successful Living	2,520.00	-	2,520.00	2,520.00

Assistance Requested in the Grant Application

Additional Information

Recruitment of consumers and payment for a class of their choice and, if necessary, payment of tuition for a staff member to accompany the consumer to the class.

The Provider match is composed of \$2,227 for staff time and \$400 for office space and telephone expenses.

Hiring of a full time staff person trained in working with adults with Mental Illness and children's issues. The proposed staff person will work with parents by providing skill development in the area of parenting and eventually involve the children in the sessions.

A \$10,000 grant was awarded to fund the full cost of the equipment and supplies needed for the proposed position. The salary and fringe benefits were not funded by the MH/DD grant.

To purchase a van which will accommodate the needs of consumers by maximizing their quality of life and assisting them in meeting their individual potential. Additional transportation will eliminate the "list of alternates" and provide more opportunity of choice and empowerment for everyone.

A grant for \$18,950 was awarded to purchase a used van.

Educational supplies and equipment for vocational/rehabilitation
- electric, self-cleaning stove and back splash - \$799
- computer with CD ROM and "A" drive - \$850
- books and tapes - \$640.82

The provider did not match any funds.

Furnishing of an additional sensory room with costs to include staff time and travel to other agencies to research sensory rooms and purchase of equipment such as a lava lamp, tabletop fountain, bean bag chairs, relaxing tapes and CD/tape player, chairs, spectrum beachballs, and sensory mittens.

The grant proposal documented an equal split of personnel and equipment/supplies costs.

Reach For Your Potential serves over forty consumers living in an apartment complex that does not accept Section VIII rental assistance. Reach For Your Potential has located houses and apartments for twenty consumers which will accept Section VIII thus reducing the consumers' rent payments. Fourteen of the consumers are from Johnson County. Consumers are scheduled to begin moving on June 26, 2002. This grant is to fund 360 hours of staff time and the cost of two trucks for three days.

The grant proposal documented a 70/30 split of personnel and equipment/supplies costs.

We will use the proposed grant funding to increase socialization and recreational opportunities to Johnson County MI/DD consumers who would otherwise be unable to participate in such activities due to lack of necessary funds, social skills, etc. Activities such as field trips, community events, touring museums, baseball games, nature walks, visiting state parks, music in the park, etc. would be offered in the afternoons, evenings, or weekends.

The provider did not match any funds.

Special Investigation of the
 Johnson County Mental Health/Developmental Disabilities Department
 Grants to Service Providers
 For the Fiscal Year Ended June 30, 2002

Vendor Name	Grant Proposal			MH/DD Grant
	Grant Funding from MH/DD	Provider Match	Project Total	Amount Awarded
Successful Living	1,993.70	-	1,993.70	1,994.00
Goodwill of SE Iowa	40,000.00	1,800.00	41,800.00	40,000.00
Employment Plus	2,587.00	2,200.00	4,787.00	2,587.00
Mayor's Youth Employment Program (MYEP)	5,000.00	-	5,000.00	5,000.00
Systems Unlimited	1,000.00	500.00	1,500.00	1,000.00
Systems Unlimited	10,000.00	480.00	10,480.00	10,000.00
Systems Unlimited	6,750.00	15,000.00	21,750.00	6,750.00
Systems Unlimited	6,495.00	3,950.00	10,445.00	6,495.00

Assistance Requested in the Grant Application	Additional Information
Purchase of 10 twin beds, 10 box springs, 10 standard pillows, and 10 sets of linens.	The provider did not match any funds.
Purchase of ABRA human resources and payroll software to track payroll and information such as vacations / sick leave for the clients and staff members on our payroll at any given time. We have also talked to Linn County about possible assistance with software upgrades since, as our second largest customer, after Johnson County, they would also benefit.	
Purchase of a computer, laser printer, software and internet access for the Job Center to allow clients to access online job resources, produce resumes, and receive training on computer usage and office software. <ul style="list-style-type: none"> - computer and printer - \$1,687 - software - \$350 - computer supplies - \$100 - dedicated phone line (1 year) - \$450 - support staff salary and benefits - \$2,200 	The provider match is composed of \$2,200 for staff time.
Pursuing accreditation with CARF or "The Council on Quality and Leadership".	The provider did not match any funds.
Funding for costs such as rent, deposits, furniture and moving expenses for Johnson County consumers when transitioning from one community environment to another or to their first community environment.	The provider match is composed of \$500 for staff time.
Contract with HomeSafe to design a training program addressing the unique needs presented by the aging process coupled with the challenges of disabilities. The program developed will be implemented into the training program at Systems Unlimited, Inc., but will be made available, at no cost, to the staff of all agencies serving people with disabilities who are encountering changes because of aging.	The provider match is composed of \$480 for staff time.
Pursuing accreditation with "The Council on Quality and Leadership" and to utilize the services of "The Council" to provide on-site training for four days that would fully immerse us into the personal outcomes approach to service provision.	The provider match is composed of \$15,000 for staff time.
Purchase an "eye-gaze response interface computer aid" to allow people with disabilities to type messages into any Windows based software and execute keyboard and mouse actions with only their eye. Several Johnson County consumers at Employment Systems will be able to do data entry work much more efficiently and effectively.	The provider match is composed of \$450 for staff time and a \$3,500 donation made to the provider.

Special Investigation of the
 Johnson County Mental Health/Developmental Disabilities Department
 Grants to Service Providers
 For the Fiscal Year Ended June 30, 2002

Vendor Name	Grant Proposal			MH/DD Grant Amount Awarded
	Grant Funding from MH/DD	Provider Match	Project Total	
Systems Unlimited	1,200.00	250.00	1,450.00	1,200.00
Systems Unlimited	1,200.00	500.00	1,700.00	1,200.00
Systems Unlimited	2,200.00	250.00	2,450.00	2,200.00
Systems Unlimited	2,500.00	400.00	2,900.00	2,500.00
Mid Eastern Iowa Community Mental Health Center	5,000.00	-	5,000.00	5,000.00
Mid Eastern Iowa Community Mental Health Center	10,000.00	29,310.00	39,310.00	10,000.00
			Total	<u>\$ 143,831.00</u>

Assistance Requested in the Grant Application	Additional Information
To pay for the fees associated with two Systems Unlimited employees attending training on Picture Exchange Communication System to help staff to understand the behaviors and actions of some consumers.	The provider match is composed of \$250 for staff time.
To purchase passes and related expenses to community activities such as Mercer Park swimming pool, Herbert Hoover Library, Miracles in Motion Riding Stable, city bus passes, Fired Up Ceramics Studio, a garden plot at Wetherby Park and other museums.	The provider match is composed of \$500 for staff time.
To purchase sensory defensiveness equipment such as therapy balls, rocker board, tuning board, full spectrum day light, sensory tale supplies, ankle, wrist and vest weights, and resource/educational materials for staff.	The provider match of \$250 is composed of staff time to research and acquire equipment and supplies.
To purchase equipment and supplies such as art and craft supplies, leather working equipment, musical instruments, books on tape, gardening supplies, and games for new non-vocational day program.	The provider match is composed of \$400 for staff time.
To purchase equipment to provide educational programming for the community on topics of mental health, mental illness, and treatment. This includes training for local human service agencies, learning experiences for local businesses, service clubs, and the general public. - computer - \$2,000 - projector - \$2,000 - digital camera - \$600 - software - \$400	The provider did not match any funds.
The COMPEER program needs \$10,000 local funding to continue the Robert Wood Johnson <i>Faith in Action</i> grant. COMPEER is a program that matches volunteers in supportive friendship relationships with adults receiving mental health treatment. - salary - \$6,000 - benefits - \$1,200 - supplies - \$1,000 - travel - \$1,800	The provider match contains a \$25,000 grant.

Special Investigation of the
Johnson County Mental Health/Developmental Disabilities Department
Summary of Payments for the Quality Assurance Project
For the Fiscal Year Ended June 30, 2002

Independent Contractor	Payments for services provided during the week of:				
	May 29 - June 2	June 3 - June 9	June 10 - June 16	June 17 - June 23	June 24 - June 30
Heidi Baker	\$ -	1,350.00	3,100.00	1,600.00	1,100.00
Diane Blackburn	-	1,500.00	2,350.00	3,150.00	1,300.00
Mary Dubert	-	-	400.00	-	-
Judy Hartig	-	1,175.00	1,675.00	700.00	850.00
Linda Hinton	-	-	-	600.00	375.00
Carol Logan	-	1,300.00	1,950.00	2,050.00	1,000.00
Todd Meyer	-	-	1,125.00	1,600.00	612.50
James C. Posz	-	1,500.00	1,050.00	-	650.00
Janet Shaw	-	3,650.00	2,200.00	750.00	1,350.00
Beth Widmer Voss	1,300.00	2,550.00	375.00	-	-
Mark Witmer	-	300.00	450.00	600.00	550.00
Craig E. Wood	-	-	-	-	500.00
Kelly Yeggy	1,700.00	2,600.00	3,050.00	2,600.00	1,550.00
	\$ 3,000.00	15,925.00	17,725.00	13,650.00	9,837.50

* Claim documented that summation and wrap-up work was performed on June 29 and 30.
N/A - Reimbursement of prepayment is not applicable.

			Reimbursement of Prepayment	
Prepayment*	July 1 - July 5	Total	Form	Date
750.00	-	7,900.00	Personal Check	07/31/02
2,750.00	-	11,050.00	Personal Check	08/20/02
-	-	400.00	N/A	N/A
750.00	-	5,150.00	Money Order	08/05/02
1,125.00	-	2,100.00	Personal Check	07/31/02
750.00	-	7,050.00	Personal Check	08/02/02
750.00	-	4,087.50	Personal Check	08/07/02
750.00	-	3,950.00	Personal Check	08/01/02
750.00	660.00	9,360.00	Personal Check	07/31/02
750.00	-	4,975.00	Personal Check	07/30/02
750.00	-	2,650.00	Warrant was returned to Johnson County	
-	-	500.00	N/A	N/A
750.00	-	12,250.00	Warrant was returned to Johnson County	
10,625.00	660.00	71,422.50		
		12,000.00	Estimated cost per Strategic Plan	
		\$ 59,422.50	Questionable amount	

Special Investigation of the
Johnson County Mental Health/Developmental Disabilities Department
Selected Claims Submitted by Independent Contractors
For the Fiscal Year Ended June 30, 2002

Name Employer	Date	Time worked by employee per:	
		Timesheet to Employer	Claim to Johnson County
Heidi Baker 8th Judicial District	06/10/02	8 hours	7:00 am to 6:00 pm
	06/11/02	8 hours	7:00 am to 4:00 pm
	06/12/02	8 hours	7:00 am to 3:00 pm
	06/13/02	8 hours	7:00 am to 7:00 pm
	06/14/02	8 hours	7:00 am to 7:00 pm
Diane Blackburn Jackson County	06/03/02	6:30 am to 12:00 pm 12:30 pm to 5:30 pm	3:00 pm to 9:00 pm
	06/11/02	Funeral leave	6:00 am to 5:00 pm
	06/13/02	Funeral leave	6:00 am to 7:00 pm 8:00 pm to 10:00 pm
	06/19/02	8:45 am to 1:45 pm 6:00 pm to 9:00 pm	3:00 pm to 5:00 pm 6:00 pm to 1:00 am
	06/20/02	8:00 am to 12:00 pm 12:30 pm to 5:00 pm	7:00 am to 11:00 am 2:00 pm to 1:00 am
	06/24/02	9:00 am to 3:00 pm	6:00 am to 8:00 pm
	06/25/02	8:30 am to 3:30 pm	6:00 am to 8:00 pm
	06/28/02	8:30 am to 4:45 pm	6:00 am to 6:00 pm
^ Connie Fett Cedar County	05/14/02	8 hours	6:30 am to 7:30 am 3:00 pm to 5:00 pm
	06/03/02	8 hours	6:30 am to 7:30 am 3:00 pm to 4:00 pm 5:30 pm to 6:00 pm 7:00 pm to 7:30 pm
	06/21/02	8 hours	8:30 am to 9:30 am
Pat Foor Louisa County	06/21/02	No leave taken	8:30 am to 9:30 am

Number of Hours Overlapping	Johnson Co. Hourly Billing Rate	Total
8 hours	\$ 50.00	400.00 #
8 hours	50.00	400.00 #
8 hours	50.00	400.00 #
8 hours	50.00	400.00 #
8 hours	50.00	400.00 #
2.5 hours	50.00	125.00
7 hours*	50.00	350.00 #
7 hours*	50.00	350.00 #
-		
-		
3 hours	50.00	150.00
3 hours	50.00	150.00
3 hours	50.00	150.00
6 hours	50.00	300.00 #
7 hours	50.00	350.00 #
8.25 hours	50.00	412.50 #
.5 hours	50.00	25.00
.5 hours	50.00	25.00
1 hour	50.00	50.00
1 hour	50.00	50.00

Special Investigation of the
Johnson County Mental Health/Developmental Disabilities Department
Selected Claims Submitted by Independent Contractors
For the Fiscal Year Ended June 30, 2002

Name Employer	Date	Time worked by employee per:	
		Timesheet to Employer	Claim to Johnson County
## Judy Hartig 6th Judicial District	06/04/02	No leave taken	7:00 am to 5:30 pm
	06/06/02	No leave taken	1:30 pm to 2:30 pm
	06/11/02	No leave taken	8:00 am to 4:00 pm
	06/13/02	No leave taken	12:30 pm to 6:30 pm ^^
	06/14/02	No leave taken	7:00 am to 6:00 pm
	06/20/02	No leave taken	7:00 am to 5:00 pm
	06/26/02	No leave taken	7:00 am to 6:00 pm
	06/27/02	No leave taken	7:00 am to 1:00 pm **
Jim Posz Lee County	06/05/02	8 hours	6:00 am to 7:00 pm
	06/27/02	4 hours	6:30 am to 7:30 pm

- * - Seven hours of leave time was recorded for this day on Ms. Blackburn's timesheet.
- ^ - To be conservative, work hours of 7:00 am to 3:00 pm or 7:30 am to 3:30 pm was assumed.
- ## - Judy Hartig works 70 hours per payperiod, or an average of 7 hours per day.
- ^^ - To be conservative, work hours of 7:00 am to 2:00 pm were assumed.
- ** - To be conservative, work hours of 11:00 am to 6:00 pm were assumed.
- # - Amount is included in \$59,422.50 questioned in **Finding B-1**.

Number of Hours Overlapping	Johnson Co. Hourly Billing Rate	Total
7 hours	50.00	350.00
1 hour	50.00	50.00
7 hours	50.00	350.00 #
.5 hours	50.00	25.00 #
7 hours	50.00	350.00 #
7 hours	50.00	350.00 #
7 hours	50.00	350.00 #
2 hours	50.00	100.00 #
8 hours	50.00	400.00
4 hours	50.00	200.00 #
	Subtotal	<u>7,012.50</u>
Less: Amount included in Finding B-1		<u>(5,487.50)</u>
	Net questioned amount	<u>\$ 1,525.00</u>

Special Investigation of the
Johnson County Mental Health/Developmental Disabilities Department
Computer and Technical Service Purchases
For the Month of June, 2002

Vendor	Description	Quantity	Price
ASAP Software			
<u>Voucher 9456 - June 27, 2002</u>			
	VLA Biztalk Server ENT License	1	\$ 23,281.93
	VLA Biztalk HIPAA Ent Accel License	1	18,625.79
	VLA Office XP Pro Win32 License	1	318.48
	VLA SQU Server Std License	2	9,309.40
	VLA ISA Server 2000 License	1	1,681.24
	VLA Windows 2000 Client License	32	601.92
	VLA Windows 2000 Server License	2	932.88
	VLA Exchange Client 2000 license	32	1,358.40
	VLA Office XP Pro	23	7,325.04 ##
	Vendor/Voucher Total		<u>\$ 63,435.08</u>
Dell Marketing LP			
<u>Voucher 9018 - June 20, 2002</u>			
	Laptops	2	7,025.16
	Server and License	1	9,302.00
	Server and License	1	9,615.00
	Tape, back-up	2	1,598.00
	Voucher Total		<u>27,540.16</u>
<u>Voucher 9339 - June 27, 2002</u>			
	Computer-GX400 Pentium 4 processor, 1.8GHz, 256K full speed cache & Int NIC	21	\$ 26,586.00
	Computer-DELL 1800 GX400 PC's	18	23,022.00 ##
	Computer-DELL 1800 GX400 PC's with modem	5	6,560.00 ##
	Computer Monitors	3	711.00
	Voucher Total		<u>56,879.00</u>
<u>Voucher 9461 - June 27, 2002</u>			
	Battery Backup	1	781.00
	Voucher Total		<u>781.00</u>
<u>Voucher 9480 - June 27, 2002</u>			
	Printer, Laser Jet	5	1,345.00
	Voucher Total		<u>1,345.00</u>
	Vendor Total		<u>\$ 86,545.16</u>
Technigraphics			
<u>Voucher 9052 - June 20, 2002</u>			
	Copies, carbonless	1500	\$ 150.00
	Copies, carbonless 2 & 3 parts	1500	75.00
	Padding	3000	22.50
	Padding, set-up charge	2	6.00
	Set-up fee for copies from disk	1	3.00
	Type setting fee	30	30.00
	Vendor/Voucher Total		<u>\$ 286.50</u>

Vendor	Description	Quantity	Price
Computer Solutions, LTD			
<u>Voucher 9338</u> - June 27, 2002			
	Fiber for Cisco 1601 Router	2	\$ 750.00
	Router, Cisco 1601 for between building communication	2	2,400.00
	Switch for Cisco 1601 Router	2	4,100.00
	WIC card for Cisco 1601 Router to enable communications	2	1,800.00
	Vendor/Voucher Total		<u>\$ 9,050.00</u>
CDW Government Inc.			
<u>Voucher 9331</u> - June 27, 2002			
	Projection lamp	1	\$ 2,912.51
	Vendor/Voucher Total		<u>\$ 2,912.51</u>
Future Com LTD			
<u>Voucher 9365</u> - June 27, 2002			
	Virus Software for Computer	32	\$ 1,307.00
	Vendor/Voucher Total		<u>\$ 1,307.00</u>
Solutions 4 Sure			
<u>Voucher 9412</u> - June 27, 2002			
	Projector, LP530	1	\$ 3,913.99
	Vendor/Voucher Total		<u>\$ 3,913.99</u>
Image Tek, Inc			
<u>Voucher 9375</u> - June 27, 2002			
	Software license - Disk Extender 2000 (storage of records)	1	\$ 10,998.00
	Software license (PaperClip)	2	1,400.00
	Software license read only for 5 viewers	1	1,750.00
	Software license upgrades	1	441.00
	Write-Once Optical Disk (floppy disk)	10	909.50
	Voucher Total		<u>15,498.50</u>
<u>Voucher 9030</u> - June 20, 2002			
	Scanned Images of records	65,760	9,311.62
	Vendor Total		<u>\$ 24,810.12</u>
Grand Total			\$ 192,260.36
Less: Purchases for providers (Finding A-3)			<u>(36,907.04)</u>
Net Amount			<u>\$ 155,353.32</u>

Computers/Software purchased for providers.
Included in **Finding A-3**.

Special Investigation of the
 Johnson County Mental Health/Developmental Disabilities Department
 Selected Purchases from Iowa Book and Supply
 For the Month of June, 2002

Description	Quantity	Price
Voucher 8748 - June 13, 2002		
90 Min Cassette, 6 pack	20	\$ 135.66
Binder, 1"	12	23.28
Binder, 1.5"	12	35.28
Binder, 2"	12	44.16
Binder, 3"	12	59.88
Binder, 4"	6	124.32
Binder, 5"	6	225.72
File Label	1	19.25
Sharpie Markers	36	21.24
Planner Pad	24	57.12
Steno Book	72	67.68
AA Batteries, 24/box	4	59.96
3 Month Wall Calendar	1	20.22
Cassette, VHS, 120 M	12	17.24
White Board Cleaner	4	10.72
Computer discs	30	50.75
Computer disc	1	33.99
Dry Erase Eraser	4	10.72
Post-it-flags	44	111.21
Folders	17	353.34
Highlighters	52	48.35
Label, Ink Jet Printer	1	18.99
Label, Laser Printer	1	44.99
Sharpie markers	84	63.81
4 colors EXPO Markers	8	35.12
Legal Pad	6	232.56
Legal Pad, wire bound	36	112.91
Pens	228	203.81
Software, Wizard	2	16.92
Wastebasket	1	8.42
Voucher Total		2,267.62
Voucher 9376 - June 27, 2002		
13" TV/VCR Combo	1	195.46
25" TV	1	382.46
3-hole punch	6	215.94
7-hole punch	1	17.67
8MM video cassette	10	42.42
AC Adapter	3	14.37
Arm	4	204.00
Arm	2	99.96
Binderclip, Large	12	21.56
Binderclip, Medium	12	8.88
Binderclip, Small	12	3.48
Cabinet	1	84.79
Calculator	12	161.88
Calculator, 10 digit	3	89.97
Chair	6	1,116.00
Copier	1	239.00
Copyholder	2	24.98
Correction tape	4	19.92
Desk organizer	1	159.80

Description	Quantity	Price
Deskholder refill	2	7.65
Dictionary	1	46.75
Display	1	184.98
Dry erase board	1	91.76
Dry erase board	4	135.92
Easel	1	219.99
File Cabinet	4	25.96
Handbook reference set	3	48.45
Inkcart	10	288.92
Jumbo paperclip	12	4.68
Lamp, Gooseneck	1	8.77
Meeting agenda refill	2	8.00
Mini wall clock	11	201.30
Padholder	2	37.32
Padholder	1	13.56
Padholder	1	13.56
Paperclip	12	1.44
Phone mail refill	2	8.50
Pointer	1	16.99
Roll Calculator Tape	1	37.79
Screen and tripod	1	149.00
Stapler	6	131.88
Telephone/address refill	1	5.53
Toner	2	259.98
Tool kit	1	42.76
Typewriter	1	114.98
Typewriter ribbon	4	30.56
Voucher Total		<u>5,239.52</u>
Voucher 9463 - June 27, 2002		
Calculator, 12 digit	1	43.29
Desk	8	2,620.80
Desk and Return	1	452.40
Desk and Return	1	452.40
Desk Organizer	1	159.80
Dry Erase Board	1	85.32
Filter 19-21"	25	4,841.00
Keyboard platform	2	380.40
Overhead projector	1	323.87
Projection lamp	1	24.92
Table	4	331.92
TV/VCR Stand	1	200.11
Voucher Total		<u>9,916.23</u>
Voucher 9464 - June 30, 2002		
Privacy Filter	23	4,453.72 ##
Desk Organizer	1	137.70
Filter 19-21"	4	774.56
Voucher Total		<u>5,365.98</u>
Voucher 9483- June 13, 2002		
8MM Video Cassette	20	84.83
Grand total		22,874.18
Less: Equipment for Providers (Finding A-3)		(4,453.72)
Net Amount		<u>\$ 18,420.46</u>

- Equipment purchased for providers. Included in **Finding A-3**.

Johnson County Mental Health/Developmental Disabilities Department

Special Investigation of the
Johnson County Mental Health/Developmental Disabilities Department
Summary of Payments to Selected Independent Contractors
For the Fiscal Year Ended June 30, 2002

Project	Vendor Name	Total Paid to Contractors as of 7/31/02	Amounts Prepaid to Contractor	Amount Reimbursed	Prepayments Outstanding
Consumer Satisfaction Survey:					
	Connie L. Fett	\$ 4,487.50	750.00 *	750.00	-
	Pat Foor	5,450.00	750.00 *	750.00	-
		<u>9,937.50</u>	<u>1,500.00</u>		
CoM IS:					
	Bradley W. Lekrone	425.00	-		
	Melanie Stutzman	6,615.00	3,500.00 ^	1,295.00	2,205.00
	Russell Wood	400.00	-		
		<u>7,440.00</u>	<u>3,500.00</u>		
Waiver:					
	Connie L. Fett	1,200.00	-		
Consumer Education:					
	Janet Shaw	900.00	-		
Provider Contracts:					
	Sharon Barnhart	2,800.00	-		
	Todd Meyer	375.00	-		
		<u>3,175.00</u>	<u>-</u>		
MIS-Quilogy:					
	Karen Walters Crammond	700.00	-		
Disbursements that cannot be identified to a specific project:					
	Diane Blackburn	500.00	-		
	Mary Hansman	547.50	-		
	Todd Meyer	1,600.00	-		
	Russell Wood	1,162.50	-		
		<u>3,810.00</u>	<u>-</u>		
	Total	<u>\$ 27,162.50</u>	<u>5,000.00</u>		

* - Claim documented that summation and wrap-up work was performed on June 29 and 30.

^ - Prepayment for 100 hours of service was identified by the Director of the MH/DD Department.

Special Investigation of the
Johnson County Mental Health/Developmental Disabilities Department
Comparison of Cash Disbursements Between Fiscal Years 2001 and 2002

Fiscal Year 2001			
Month	Monthly Cash Disbursements	Year-to-Date Disbursements	Percentage of FY 2001 Disbursements
July	\$ 365,546.21	365,546.21	4.2%
August	1,265,585.66	1,631,131.87	14.6%
September	609,409.87	2,240,541.74	7.0%
October	610,872.82	2,851,414.56	7.1%
November	766,246.13	3,617,660.69	8.9%
December	588,279.41	4,205,940.10	6.8%
January	448,250.37	4,654,190.47	5.2%
February	392,608.00	5,046,798.47	4.6%
March	1,540,631.55	6,587,430.02	17.8%
April	662,594.11	7,250,024.13	7.7%
May	890,290.56	8,140,314.69	10.3%
June	504,666.09	8,644,980.78	5.8%
			100.0%

Fiscal Year 2002				Differences Between Fiscal Years Increase / (Decrease)	
Month	Monthly Cash Disbursements	Year-to-Date Disbursements	Percentage of FY 2002 Disbursements	Monthly Cash Disbursements	Year-to-Date Disbursements
July	\$ 362,119.80	362,119.80	3.6%	\$ (3,426.41)	(3,426.41)
August	987,838.75	1,349,958.55	9.9%	(277,746.91)	(281,173.32)
September	704,571.77	2,054,530.32	7.1%	95,161.90	(186,011.42)
October	638,229.73	2,692,760.05	6.4%	27,356.91	(158,654.51)
November	860,470.89	3,553,230.94	8.6%	94,224.76	(64,429.75)
December	423,822.26	3,977,053.20	4.3%	(164,457.15)	(228,886.90)
January	574,466.97	4,551,520.17	5.8%	126,216.60	(102,670.30)
February	1,187,030.40	5,738,550.57	11.9%	794,422.40	691,752.10
March	630,732.18	6,369,282.75	6.3%	(909,899.37)	(218,147.27)
April	888,836.96	7,258,119.71	8.9%	226,242.85	8,095.58
May	734,320.92	7,992,440.63	7.4%	(155,969.64)	(147,874.06)
June	1,970,131.79	9,962,572.42	19.8%	1,465,465.70	1,317,591.64
			<u>100.0%</u>		

**Report on the Review of the
Johnson County Mental Health/Developmental Disabilities Department**

Staff

This special investigation was performed by:

**Annette K. Campbell, CPA, Director
Katherine L. Rupp, CPA, Senior Auditor II
Jeremy J. Howard, CPA, Staff Auditor
Kip M. Druecker, Assistant Auditor**

**Tamera S. Kusian, CPA
Acting Deputy Auditor of State**

Appendices

Johnson County Mental Health/Developmental Disabilities Department
Copy of Messages To and From the Department of Human Services

> -----Original Message-----
> From: Sweet, Elaine
> Sent: Saturday, April 20, 2002 3:39 PM
> To: Overland, Jim
> Cc: 'Hoth, Sandy (home)'; 'Horne, Jeff'; 'Slockett, Tom'; Harney, Pat;
> Lehman, Mike; Neuzil, Terrence; Stutsman, Sally; Sullivan, Mike; Thompson,
> Carol; Downes, Kim; Gorman, Bill; Hansman, Mary; Luhman, Lowell; Pugh,
> Larry
> Subject: Board of Supervisors Request
>
> Hi, Jim:
> I hope all is going well with the many changes you're experiencing. I
> know how extremely busy you are these days, and I will try to make this
> request as succinct and brief as possible.
>
> Carol Thompson, chair of Johnson County's Board of Supervisors, has asked
> me to contact you for an official determination on our dilemma. Once
> again, it appears that Johnson County's MH/DD Fund Balance will exceed the
> threshold identified for withholding (ten percent per HF 2623). While we
> are attempting to strategically "spend down" the balance, some of our
> larger projects may not be at the stage of completion required to commit
> and/or expend the funds by June 30, 2002. Johnson County would like
> permission to transfer the funds associated with these projects into
> another County fund, thus reserving them for future expenditures and
> protecting the MH/DD Fund Balance from FY 2003 cuts.
>
> A reply at your earliest convenience will be most appreciated. Thanks,
> Jim!
>
> Elaine Sweet, Director
> Johnson County
> Mental Health/Developmental Disabilities Services
> 319-339-6169 (ext 337)
>

Johnson County Mental Health/Developmental Disabilities Department
Copy of Messages To and From the Department of Human Services

-----Original Message-----

From: Overland, Jim [mailto:joverla@dhs.state.ia.us]

Sent: Monday, April 22, 2002 9:24 AM

To: Sweet, Elaine

Cc: 'Hoth, Sandy (home)'; 'Home, Jeff'; 'Slockett, Tom'; 'Hamey, Pat';

'Lehman, Mike'; 'Neuzil, Terrence'; 'Stutsman, Sally'; 'Sullivan, Mike';

'Thompson, Carol'; 'Downes, Kim'; 'Gorman, Bill'; 'Hansman, Mary';

'Luhman, Lowell'; 'Pugh, Larry'

Subject: RE: Board of Supervisors Request

I do not believe this would be correct. There are guides for Generally Accepted Accounting Principles (GAAP) that determine what is an expenditure and what is not. This could be seen as an attempt to qualify for money when you don't. The transfer out would simply be moving money that is not expended to a location so you/the county could qualify for additional state funds. However legitimate the future expense is going to be, until the actual service is delivered the expenditure for that service is still a balance in the fund and must count towards determining your qualifying amount. Other counties have talked about pre-paying for services to buy down the fund balance. Any pre-paying would not bring your balance down because this expenditure would be adjusted into your fund balance when doing accrual adjustments. Accrual adjustments can subtract or add to your fund balance total, depending on the circumstances. The accrual balance should account for all of the expenses incurred (service delivered by the end of the fiscal year) but not for services contracted (delivered after the close of the fiscal year). Hope this helps. Give me a call if you still have questions.

-----Original Message-----

From: Tom Slockett

Sent: Monday, April 22, 2002 9:54 AM

To: 'Overland, Jim'; Elaine Sweet

Cc: 'Hoth, Sandy (home)'; Jeffrey Home; Tom Slockett; Patrick Hamey;

Mike Lehman; Terrence Neuzil; Sally Stutsman; Mike Sullivan; Carol

Thompson; 'Downes, Kim'; 'Gorman, Bill'; 'Hansman, Mary'; 'Luhman,

Lowell'; 'Pugh, Larry'

Subject: RE: Board of Supervisors Request

Thank you, Jim, for reinforcing the advise my office has provided for many years. Carol and Elaine, thank you for attempting to get everyone on the same page.

I would like to repeat for emphasis to this group that the proper way to lower the balance is to identify legitimate, necessary, and proper expenditures and to amend the budget, and the MH/DD plan if necessary in order to make those legitimate, necessary, and proper expenditures for services and/or goods. Additionally, to the extent that revenues can be identified which can be legitimately lowered without jeopardizing other sources of revenue, future revenue, or ongoing sources of revenue, they should be considered for temporary reduction.

Jim, any additional suggestions or thoughts you have on the matter would be very much appreciated. Thanks, again.

Tom Slockett
Auditor

Johnson County Mental Health/Developmental Disabilities Department

Johnson County Mental Health/Developmental Disabilities Services Department
Copy of Meeting Notes from Provider Meeting – May 23, 2002

Johnson County MH/DD
Provider Meeting
May 23, 2002
Meeting Notes

Attendance: Mick Bowers, Mary J. Donovan, Gillian Fox, A. Grossup, Pat Harin, John Hemann, Cokie Ikerd, Rachele Colson La Master, Mike McKay, Ron Schieffer, Robert Singpiel, Rod Sullivan, Elaine Sweet, Mike Townsend, Stephen Trefz, and Dion Williams

The meeting was called to order at 1:32 p.m.

Elaine reviewed that the purpose of the meeting was to pull the providers together and talk about Johnson County MH/DD's budget amendment, the process, where we're going, and to ask for help from the providers.

Introductions were made.

1. Background Information

Elaine noted that we are in the process of trying to spend money to save money for the Johnson County taxpayers. The County Auditor has recommended spending the MH/DD fund balance down to \$100,000 that is less than 1% of MH/DD's \$10 million dollar budget. It was further noted that there is no guarantee that the state legislature wouldn't change the rules dramatically. The intent of the budget amendment is to not only decrease the fund balance, but to do so responsibly and in a way that will benefit Johnson County consumers, services, providers, and MH/DD for the long term, while keeping to the goals and objectives outlined in the *Services Management Plan*. Some of the items include: repaying monies identified during the case management accreditation survey (already done), purchasing a new management information system, replacing department PCs (moving the expense forward to FY 2002), providing educational opportunities for consumers and staff, conducting the annual consumer satisfaction survey, and conducting a quality assurance review of our provider agencies as called for in the *Services Management Plan*.

Providers asked several questions about the quality assurance review including the length of the process, the purpose, the composition of the teams doing the reviews, feedback, how the process will happen, and potential conflicts of interest with team members. Elaine responded that we are looking for the quality assurance review to establish a starting point for standards, expectations, and measurements; that it will establish a baseline. She further stated that MH/DD is being careful to be sure agencies are not being reviewed by anyone with a potential conflict of interest.

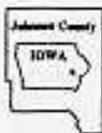
2. Document Management

Elaine explained that closed case files older than one year old are being converted to computer discs. The project is now approximately 75% complete and will be accomplished by June 30th with an expenditure of approximately \$46,000. This project serves several purposes: increase accessibility of records which have been scattered throughout four different rooms in multiple file cabinets, ease storage space concerns to some degree, and safeguard confidentiality.

3. HIPAA

A discussion was held on HIPAA compliance. On the recommendation of Quilogy, MH/DD has purchased Biz Talk Software and a server, a Microsoft product, to aid MH/DD and its providers, through the management information system, in HIPAA compliance. Biz Talk will look at records, forms, etc. and will assist in conversion of data into HIPAA compliant formats. The product is intended to help MH/DD, other Johnson County departments, and our providers to become HIPAA compliant.

Johnson County Mental Health/Developmental Disabilities Department
Copy of Correspondence to Service Providers – Block Grants



**Mental Health/Developmental
Disabilities Services**

June 20, 2002

William Gorman
Systems Unlimited
1556 1st Avenue South, Ste#1
Iowa City, IA 52240

Dear Bill:

Guided by the principles of Choice, Empowerment, and Community, Johnson County MH/DD Services' Vision is to *empower consumers to maximize their quality of life and reach their individual potential.*

The County is charged with the responsibility to develop a plan for providing an array of cost-effective, individualized services and supports that assist consumers to be as independent, productive, and integrated into the community as possible within the constraints of the MH/DD Services Fund.

Providers are selected based on responsiveness to consumer needs and desires, accessibility, quality of services, and cost efficiency. The Director of MH/DD Services negotiates rates for services as a component of provider contracting.

When provider contracts were negotiated for the Fiscal Year ending June 30, 2002, the Johnson County Board of Supervisors (on my recommendation) contracted with providers for the same rates that were in effect for the prior fiscal year. At that time, we assured providers that rate increases would be considered mid-year if our financial situation allowed us to do so. As we know, the financial "crisis" only exacerbated, and we have not been able to consider rate increases.

As state budgets became more restrictive and as operational and financial challenges mounted, the Johnson County Provider Network responded with an overwhelming demonstration of commitment to our consumers and to the Johnson County MH/DD community as a whole.

911 N. Governor Street • Iowa City, Iowa 52245-5941
Phone (319) 356-6050 • FAX 337-2705
Affiliated with Johnson County Social Services

Johnson County Mental Health/Developmental Disabilities Department
Copy of Correspondence to Service Providers – Block Grants

Systems Unlimited
June 20, 2002
Page 2

While the current financial crisis continues to preclude either past or future contractual rate adjustments, Johnson County MH/DD Services acknowledges System Unlimited's commitment to quality, excellence, and collaboration above and beyond your contractual agreement. A \$43,508 warrant is enclosed to assist in defraying the extraordinary costs your agency incurred in assisting with MH/DD special projects during the past year.

Your many contributions toward Continuous Quality Improvement and positive Outcomes for Johnson County consumers is recognized and appreciated.

It is my pleasure and honor to work with each of you.

Sincerely,

Johnson County
MH/DD Services



Elaine Sweet, Director

Cc: Johnson County Board of Supervisors

Johnson County Mental Health/Developmental Disabilities Department
Copy of Message to Board of Supervisors – Block Grants

Sweet, Elaine
From: Sweet, Elaine
Sent: Tuesday, June 25, 2002 3:33 PM
To: Harney, Pat; Lehman, Mike; Neuzil, Terrence; Stutsman, Sally; Sullivan, Mike; Thompson, Carol
Subject: Status Report - CONFIDENTIAL, PLEASE

As usual, there's a lot happening in MH/DD Services this week, so I thought I'd send you a quick update.

The Polk County Board of Supervisors approved our 28E Agreement this morning, and Gullogy is in the final stages of modifying the system to meet Johnson County's needs. Johnson County client-specific data has been migrated to the new system and conversion will begin immediately.

Our Provider Quality Assurance initiative was completed last Friday. The QA team identified 5 agencies with varying degrees of deficiencies. Three agencies () have some fairly significant deficiencies, but express a commitment to work with us in resolving the issues. The QA Team recommends that we re-evaluate these 3 agencies in 6 – 9 months. Serious quality of care and client rights issues were identified in two agencies (). The Quality Assurance Team will be doing follow up in those 2 agencies tomorrow and Thursday. As an access point, the () was reviewed from both a clinical and business perspective. While their clinical practice meets most standards, their business component will require additional analysis. The identified deficiencies hold promise for significant future MH/DD savings. Non-traditional provider reviews have generated interesting responses and results which will also require follow-up. On a positive note, 2 agencies () are providing exceptional services to Johnson County clients. The Consumer Satisfaction Survey is completed also. We plan to have both the Quality Assurance and Consumer Satisfaction Survey teams report to Planning Council in September.

A national consulting firm Computer Horizons, Corp, dba HIPAA-Pros, is conducting a gap analysis for MH/DD and our provider agencies. Their work will be finished and a report will be generated by June 30th. Once again, the county attorney's office has been helpful in negotiating last-minute contracts (within approved budget expenditures, of course). MH/DD will also assist in defraying provider costs associated with the HIPAA needs assessment and MIS integration which are currently in process.

Agency providers will be receiving grant funding and "bonuses" for their participation in MH/DD special projects during FY 2002. A full reporting will be made to Planning Council in September. MH/DD is also placing fully equipped PC's in the provider agencies to facilitate the MIS linkage.

While we have not been able to spend the entire \$1.3 M budget amendment, our best information suggests that we will be under the 10% Accrual Fund Balance target by the end of this week.

Please feel free to call with questions, and as always – thanks for your support!

Elaine Sweet, Director
Johnson County
Mental Health/Developmental Disabilities Services
319-339-6169 (ext 337)

Johnson County Mental Health/Developmental Disabilities Department
Copy of Meeting Minutes from Executive Committee Meeting – April 9, 2002

COPY

Johnson County MH/DD Services
Executive Committee Meeting
Summary Minutes
Tuesday, April 09, 2002

Present: Kim Downes, Bill Gorman, Mary Hansman, Dr. Lowell Luhman, Larry Pugh, Sally Stutsman, and Carol Thompson

Absent: None

Apologies: None

Ex-Officio: Elaine Sweet

1. Call to Order
Luhman called the meeting to order at 1:37 p.m.
2. Discussion was held on a list of non-mandated services and the use of the FY03 Financial Projections Midpoint Scenario for discussion at tomorrow's financial planning meeting. Sweet noted that there are currently three individuals on the waiting list
3. Discussion was held on the Fund Balance and it was noted that the State is considering changing the parameters. It was agreed to take the following ideas to Planning Council with the recommendation to spend-down the fund balance to approximately 8% of this year's expenditures: Another CPC to review questionable legal settlements, convert closed files to an electronic format, and expedite the purchase of the MIS and other computer related services.
4. Sweet provided background information from the "Brainstorm" and Financial Planning meetings and then reviewed the Financial Planning Projections based on YTD 2/28/02 data. Discussion held on strategies to deal with both the Fund Balance issue for this fiscal year and the possibility of decreasing expenditures for next year.
5. Planning Council Agenda:
 - A) Financial (Fund Balance and Financial Planning Sessions)
 - B) MIS and Quilogy
 - C) Files
 - D) Legal Settlement
 - E) Bylaws
 - F) Targeted Case Management

The meeting adjourned at 3:35 p.m.

Respectfully submitted,

Deborah L.S. Guard
MH/DD Financial & Statistical Supervisor

Special Investigation of the
 Johnson County Mental Health/Developmental Disabilities Department
 Copy of Message and Invoice for Purchase at Target



INVOICE

Amount: [REDACTED]
 Invoice Number: 1103075027
 Amount Due: 536.98
 Invoice Date: 06/07/02
 Terms: STD
 Due Date: 07/07/02

TARGET STORES DIVISION
 ATTN: COMMERCIAL ACCTS REC
 POST OFFICE BOX 1010
 MINNEAPOLIS MN 55440-1010

00000346
 JOHNSON CITY DEPT OF HUMAN SERV
 ATTN: ACCTS PAYABLE
 911 N GOVERNOR STREET
 IOWA CITY IA 52245

Mail this portion with your payment. Please note invoice number on check.

For Customer Service Call 800-359-3855/Fax 612-307-7101

Page

Sales Date	Store	Customer P.O.	Purchaser	Referen
06/06/02	1113 IOWA CITY TARGET			

Item	Description	Quantity	Unit	Unit Price	Amount
008030023	SONY DIGITAL 8 CAMCORD	1.00	EACH	496.99	496
56040073	TRIPOD S-6000 TRIPOD	1.00	EACH	39.99	39

Country ID#
6999

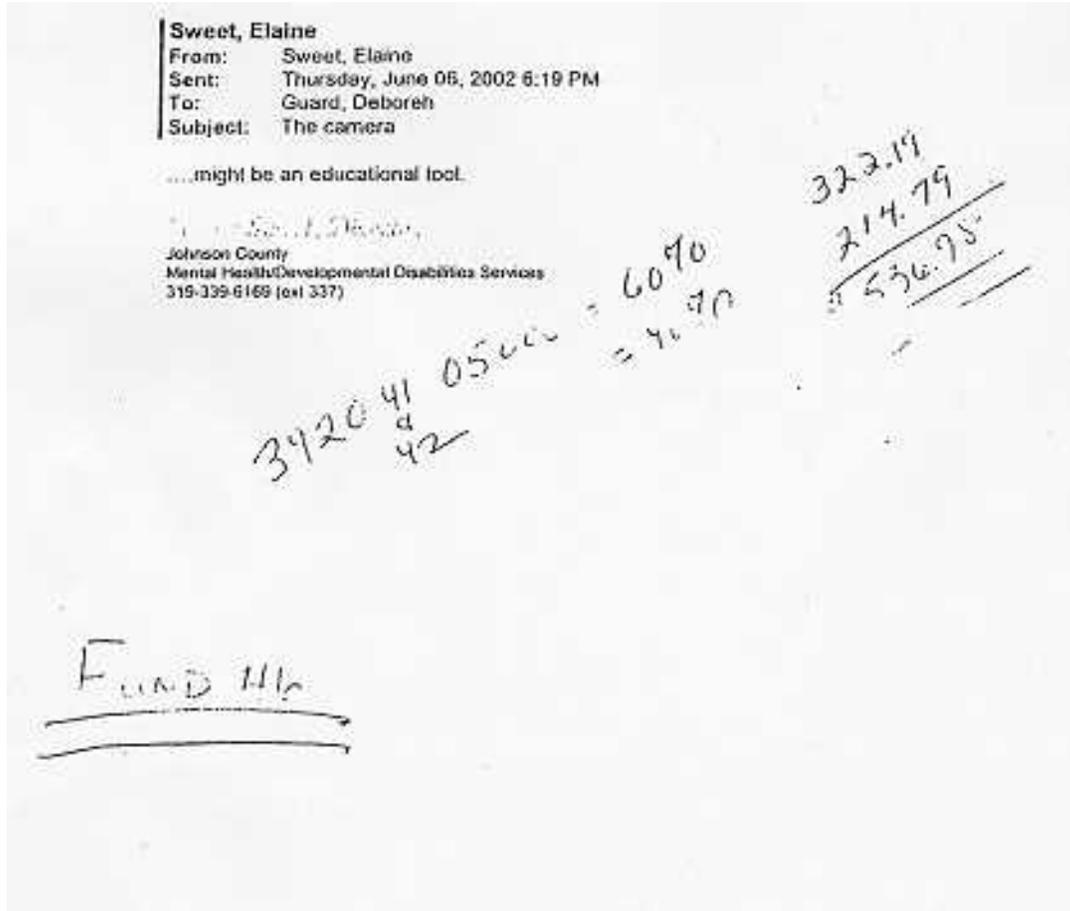
Call for MHDD

RECEIVED
 June 11 2002
 JOHNSON COUNTY
 DEPT. OF HUMAN SERVICES
 \$268.49 = 3920 41 5000 ok
 \$268.49 = 3920 42 05000 ok

Original -> Debbie Gued
 for processing
 Cc: Kathy Lynch
 Nerine (PR)

Account: [REDACTED]	Terms: STD	Total: 5
Invoice Number: 1103075027	Due Date: 07/07/02	Paid at Store: 5
Invoice Date: 06/07/02		Amount Due: 5

Johnson County Mental Health/Developmental Disabilities Department
Copy of Message and Invoice for Purchase at Target



Johnson County Mental Health/Developmental Disabilities Department
Copy of File Retention Report

COPY

Memo

To: Elaine Sweet
From: Diane Blackburn
Date: 06/15/02
Re: File Retention

I have researched the legal requirements for retention of records for your department.

Johnson County's Case Management Policies and Procedures do not at this time address purging of documents. I have attached the following information along with the source of reference.

I reviewed the administrative rules for Iowa. In Chapter 150 Section 441—150.3(3) k. (2) These records shall be retained for a period of five years after final payment. These rules were under the Purchase of Service, Iowa Administrative Support. I went into the current rules and they remain intact. Also included under (2) in Maintenance of client records. Records for clients must be retained by the provider for a period of three years after service to the client terminates. These are attached.

I also reviewed "Confidentiality of Medical Records in Iowa" developed by Lorman Education Services. These are also attached. Page 13 VIII Medical Records Retention Requirements.

B. Retention Requirements: a. Medicare: Medicare generally requires that medical records relating to Medicare claims be retained for at least five years after the Medicare cost report is filed with the intermediary.

C. Other Authorities

1. American Hospital Association and American Medical Record Association policy on record retention recommends retention of complete records in original or reproduced form for ten years after the most recent patient care entry.

Johnson County Mental Health/Developmental Disabilities Department
Copy of File Retention Report

2. Joint Commission on Accreditation of Health Care Organization requires that mental health records be kept for at least five years from the date they are officially closed.

Regarding Medicaid I contacted the Division of Medical Services in Iowa and was told that there requirements are for retention of records for five years. However, I do not have the code reference for this.

In Summary, after reviewing the above information I would recommend keeping the information for five years. In my discussions with you your staff has already put the information in your closed files on film so that it can be reproduced. I have attached a file purging form. I have listed each section in the case management files and what I would recommend keeping hard copy of.